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IN THE

Supreme Court of the United States

OCTOBER TERM 1937

No. 72

CROWN CORK & SEAL COMPANY, INC., *Plaintiff-Petitioner,*

v.

FERDINAND GUTMANN & COMPANY, *Defendant-Respondent.*

**PETITIONER'S REPLY TO
RESPONDENT'S SUPPLEMENTAL BRIEF.**

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We would not file this brief except for the fact that respondent in its "supplemental brief" makes arguments which have never heretofore been made anywhere in this case.

Before answering these arguments, we make the simple comment that in final analysis the record shows that the Warth divisional patent was granted by the Patent Office in accordance with a practice which has existed for over fifty years.

It is a doctrine stated repeatedly¹ by this Court that a long-followed practice by a Governmental Department based on its interpretation of a statute will not be overthrown unless the statute clearly has been misinterpreted. This Court said in *United States v. Alabama Great Southern Railroad Company*, 142 U. S. 615, 622:

¹ See: *Bate Refrigerating Company v. Sulzberger*, 157 U. S. 1, 34; *Houghton v. Payne*, 194 U. S. 88, 99; *United States v. Graham*, 110 U. S. 219, 221.

“It is a settled doctrine of this court that, in case of ambiguity, the judicial department will lean in favor of a construction given to a statute by the department charged with the execution of such statute, and if such construction be acted upon for a number of years, will look with disfavor upon any sudden change, whereby parties who have contracted with the government upon the faith of such construction may be prejudiced”.

The above cited decisions apply particularly to the contention of respondent that public use (including the patentee's) more than two years before the filing date of a divisional application creates a statutory bar. The Patent Office has always interpreted the Statute (R. S. 4886—Main Brief p. 44) to apply only to an original¹ application and in *ex parte Halsey*, 1903 C. D. 41, 42, the Commissioner said that in an oath in a divisional application the “two years public use relates to the date of the original application.”

Respondent's Argument (Supp. Br. pp. 3-7) that the Claims of the Divisional Patent Have No Foundation in the Original Application Disclosure.

As we understand respondent's argument, it is that one of the steps specified in the claims of the Warth divisional patent, was never disclosed by Warth until the divisional application was filed and that therefore the divisional application was not entitled to the filing date of the application for the parent Warth patent. Specifically, the alleged undisclosed step is defined in claims 2 and 3 of the divisional patent (Supp. Br. p. 5) as

“then placing the linings in the caps under heat and pressure” (I, 557, claims 2 and 3).

¹ This Patent Office Rule 46 relating to the oath as to the statutory bars requires only that “In every *original* application the applicant must state under oath that * * * the invention has not been in public use or on sale in the United States for more than two years prior to his application etc.”

This step is to be *subsequent* to the initial deposition of the linings (spots) by the punch and the simultaneous application of heat and pressure "at the instant of assembly" (I, 557).

As to claim 1 of the divisional patent, the implication of respondent's argument (Supp. Br. p. 6), is that that claim calls for "a cold cutting punch" which, as we show, is not true.

First taking up respondent's argument as to claims 2 and 3, we have the astonishing situation that respondent is arguing here now for the first time that the Patent Office gave the Warth divisional application the benefit of the filing date of the Warth original application for subject-matter not found in the latter. In other words, for the first time, after all of the briefing in the two lower Courts and here, respondent now presents a defense which, if true, would have been a complete defense as to claims 2 and 3.

But the defense is unfounded. As pointed out in our reply brief (p. 37 *et seq.*), the parent Warth application contains the following statement (III, 1246):

"In carrying out the invention according to what is now considered the best practice the coating will be softened by heat *after* the crown is assembled. This may be accomplished in any suitable manner, as by a heated *plunger* or a plunger and heated table. The heat softens the coating and renders it adhesive and the pressure serves to unite the metal foil spot to the cork."

This quotation refers to the step in the method occurring at the station *following* the punching operation, at which latter station the spot has been punched out and applied to the cork with the simultaneous application of heat and pressure; that is to the "fourth step" in claims 2 and 3 of the Warth divisional application and which respondent *now* says was not disclosed in the Warth parent application. The quotation also refers to the use of a *plunger* and not to the punch.

As was also pointed out in our reply brief (p. 38), when the attention of the Patent Office was directed to the foregoing quotation in the Warth original disclosure (III, 1455), it agreed that the statement in the Warth parent application fully supported this "fourth step" and accordingly granted Warth claims 2 and 3.

Recognizing that its argument as to the "fourth step" of claims 2 and 3 could not, in any event, apply to *claim 1* of the divisional patent, since that claim does not specify this "fourth step", respondent (Supp. Br. p. 6) advances a different argument as to that claim. Respondent's argument that claim 1 has no support in the Warth original application, is that the original Warth application did not describe a "cold cutting punch." The answer is that claim 1 of the Warth divisional patent (I, 557) does not specify "a cold cutting punch," and, therefore, to support this claim it is immaterial whether the original application disclosure mention a "cold cutting punch."

In short, it simply is not true that Warth included in the description and claims of his application for the divisional patent any subject-matter which was not fully disclosed in the Warth original application for his parent patent.

The Failure of the Patent Office to Declare an Interference Between the Original Warth Application and the Johnson Patent.

Respondent (Supp. Br. p. 3) repeats its assertion that the original Warth application was not entitled to an interference with the Johnson application because, (Supp. Br. p. 7) when the Examiner was about to issue the *Johnson* patent and made his interference search thereon, Warth had no claims on file conflicting with Johnson's claims. As we pointed out in our reply brief (p. 20), respondent, in its main brief, completely missed our point as stated in our main brief (pp. 8-9). In its supplemental brief, respondent has *deliberately* closed its eyes to the evident fact (which it has not denied), that when the *Warth* original application

was ready for allowance and when the Examiner pursuant to the Patent Office practice made the so-called "interference search" as to the *Warth* application before passing it to patent, he should have found the allowed claim 35 in the Johnson then-pending application and should have declared an interference as to that claim between the Johnson application and the original Warth application.

That this claim (35) should have been the basis for an interference, is shown by the fact that after the Warth patent issued, the claim was then rejected in the Johnson application as "completely met [anticipated] in the * * * patent to Warth",¹ thus showing that the Patent Office regarded the claim as fully supported by Warth's original application disclosure and that it should have been the basis for an interference.

Consequently, even if it were true that at the time the *Johnson* patent was granted, Warth had no then-pending claims which conflicted with the Johnson claims, this does not answer our point that Warth *did* have both conflicting disclosure and claims on file when his original patent was allowed and that Johnson should not have obtained his patent without an interference with the original Warth application.

Respondent's Argument (Supp. Br. pp. 1-3) as to Abandonment.

Respondent does not deny that it failed to plead abandonment or to give notice of this defense before trial as the statute requires; see our reply brief p. 3.

As we understand respondent's argument, it is that, having argued abandonment *after* the trial and the District Court having rejected this argument, respondent should be permitted to continue to advance the same improper defense before all other courts. Petitioner has not waived its right to object to the presentation of the defense of abandonment. It had no opportunity to make such objection at the trial,

¹ II, 725—Official action of July 30, 1931.

because no such defense had been pleaded and no evidence was offered specifically to support such a defense. Respondent's urging of this defense has been wholly by way of argument based on evidence introduced at the trial to support other defenses.

There is no merit in respondent's attempt (Supp. Br. p. 2) to distinguish our citations showing the necessity for the pleading of the defense of abandonment. It is wholly immaterial what evidence is relied upon to establish abandonment. Regardless of the nature of the evidence, the statute requires that the defense be pleaded, as our cited cases show.

Respondent's Argument (Supp. Br. p. 8) as to the Warth-Johnson Interference.

There is no merit in respondent's purported answer to our citation of *Chillis v. Weisberg*, 1928 C. D. 24, to show that petitioner could not have elected, in the interference, to award the claims to Warth, as respondent contends should have been done under Patent Office Rule 94. As pointed out (*ante*, p. 3), the original Warth application fully disclosed the subject-matter of the method claims of the Johnson patent which Warth obtained as a result of the Warth-Johnson interference and that is all that is necessary here. It is wholly immaterial whether the Johnson application contained other disclosures which Warth's original application did not have.

Respondent's suggestion (Supp. Br. p. 8) that the assignment of the Johnson patent was not put in escrow pending the outcome of the Warth-Johnson interference, and that the Patent Office had no knowledge of the existence of such assignment at the time it was determined in that interference, is completely answered by undisputed direct testimony to the contrary (I, 335) and by the District Court's undisturbed finding (III, 1800, 1801) based thereon.

Respondent's Argument (Supp. Br. pp. 8-10) as to License.

We refer the Court to our reply brief (pp. 35-37) for the answer to practically everything that respondent argues upon this matter in its supplemental brief.

Respondent's argument really proceeds as if it were being sued here on the Johnson patent. Not only is petitioner not suing on the Johnson patent, but it is not relying here on anything which it acquired from Johnson or on anything to which Johnson could, by any possibility, have been entitled.

Respondent (Supp. Br. p. 9) asserts that, when petitioner purchased the Johnson patent, it granted Johnson "an *unrestricted* license to manufacture the apparatus of that patent." The evidence contradicts this assertion. In the first place, **the license to Johnson under the Johnson patent is not in evidence.** In the second place, Johnson himself (I, 170), testifying for respondent, stated that the license under his patent was *restricted* to the *future* sale of machines to those who had been licensed under petitioner's patents, which included, of course, the patents here in suit. In the third place, the license (II, 923) given to Johnson by petitioner under the Warth parent patent 1,788,260 limited such license to such sale of machines by Johnson as was authorized by the license to him under the Johnson patent (see license paragraph numbered 1; II, 923) and which license is not in evidence.

Finally, the license under the Warth parent patent specifically reserved (II, 924) petitioner's right to sue for previous infringement of the Warth parent patent by Johnson¹ and by those who had previously purchased machines from him, and it is clear that the machines which respon-

¹ The letter (II, 925) from petitioner to Johnson stated that petitioner would not sue Johnson as a contributory infringer of the Warth parent patent, but would sue those who were using machines previously purchased from Johnson. Respondent claims to be a user of such machines.

dent claims to have purchased were all acquired from Johnson before this license was granted.

Respondent's attempt to distinguish the facts here from those in the *Hartford-Empire* case cited in our reply brief (p. 36) is beside the point. First, respondent says that it is claiming under the statute (R. S. 4899, quoted footnote *infra*).¹

It will be noted, however, that the statute is limited to machines purchased "prior to the application by the inventor * * * for a patent." We have shown in our reply brief (pp. 24-31) that respondent did not purchase from Johnson, prior to the filing of his application (November 26, 1929, II, 676), any machines using the preheating invention. Yet respondent's claim for a license is limited to the divisional patent covering preheating.

Moreover, the statute limits any license which might be obtained thereunder "to the specific thing so * * * purchased." Respondent is claiming a general license, not only for machines which it claims to have purchased before the Johnson application was filed (and which we have shown did not include the divisional patent invention), but also for machines purchased from Johnson in 1933 *after* the Johnson application was filed. Obviously, the statute does not apply to these.

Respondent's purported distinction of the facts here from those in the *Hartford* case is based entirely upon respondent's imaginative statement of the facts of the *Hartford* case. Respondent asserts (Supp. Br. p. 10) that, in that case, "an attempt was made to establish a license from Miller to the use of a feeder in which Miller had no legal rights." This statement, quoted from respondent's brief,

¹Sec. 4899. (U. S. C., title 35 sec. 48.) Every person who purchases of the inventor or discoverer, or, with his knowledge and consent, constructs any newly invented or discovered machine, or other patentable article, *prior to the application by the inventor or discoverer for a patent*, or who sells or uses one so constructed, shall have the right to use, and vend to others to be used, *the specific thing so made or purchased*, without liability therefor.

is not correct, as the quotation from the *Hartford* decision in our reply brief (p. 36) plainly shows. The machines (feeders) which the defendant, Lamb Glass, in that case claimed to have a license to use were purchased from Miller who owned patents and applications thereon, which subsequently to the purchase of the machines, were assigned to the plaintiff, Hartford-Empire. The claim of license was based upon the purchase of these feeders and the transfer to *Hartford-Empire* of the Miller patents and applications covering them. Thus, it is clear that [REDACTED], in the present case, Johnson is in exactly the same position as Miller in the earlier case, that petitioner is in the same position as Hartford-Empire, and that respondent is in the same position as the defendant Lamb Glass of the earlier case. The facts, including the relations of the several parties, are alike in the two cases.

Respondent's Chapter (Supp. Br. pp. 10-11) on "Discussion of the Fact Testimony".

The first part of respondent's "discussion" purports to reply to our showing that it has not proved intervening rights (Our Reply Br. pp. 24-31). We do not understand respondent's assertion that "a fair reading" of the testimony of Cohn (I, 214) shows that what Cohn was saying "was that the machine in which he afterwards combined the spot and cork in one operation was the same kind as Exh. Q". It is clear from a reading of the testimony (I, 214) as well as the preceding testimony (I, 213) that Cohn there testified about the Exh. Q machines. Previously, he had referred to the Exh. P machine (I, 213, Q. 89). Then, he was asked (Q. 91, 92) as to the construction of the Exh. Q machines and it was of *these Exh. Q machines* that he said:

"Yes, they had in addition to the mechanism for inserting the center spot, that was the same as on the previous machine [Exh. P], the mechanism for inserting

cork discs into the metal shells after the manner of the Clark-Johnson type of assembling machines that had been used in the industry prior to that time".

In other words, he was identifying the 1928-1929 Exh. Q machines as machines which "combine the spot and cork in one operation", in the language of respondent's supplemental brief, and Cohn swore that those machines were not used until 1932 (our reply br. pp. 27-28).

Respondent asserts that the interrogatories (I, 144) show that respondent "had always used the preheating method shown by the Johnson patent." Even if the answers to the interrogatories were evidence, they do not support this assertion, as a mere reading of them shows. Moreover, if they did, they would not be true, since Johnson himself admitted that the machines sold respondent in July and August, 1928 did not have preheating.

The testimony referred to by respondent (Supp. Br. p. 11) as support for the assertion just discussed will be found to relate, first, to the rejected alleged prior use of the preheating invention by respondent in 1925 and which we have discussed in our reply brief (pp. 38, 39) and, second, (I, 281) to the machine to carry out the method of the Cohn patent which respondent's own evidence shows was not used prior to 1932.

The statements made by respondent (Supp. Br. p. 11) relative to the purchase by petitioner of machines from Johnson in 1929 are wholly without merit, as we point out in our reply brief (p. 32).

Obviously, Goebel's statement that the machines were "bought" from Johnson and that petitioner was "to pay the freight" thereon does not alter the fact that such machines were built by Johnson for petitioner and not for any one whose use of them could create an *adverse* right. Obviously, a machine must be "bought", even though it

be made specially for the purchaser and paid for under ordinary commercial terms.

Respectfully,

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